

1 LYNN H. PASAHOW (CSB NO. 054283)
lpasahow@fenwick.com
2 J. DAVID HADDEN (CSB NO. 176148)
dhadden@fenwick.com
3 DARREN E. DONNELLY (CSB NO. 194335)
ddonnelly@fenwick.com
4 RYAN A. TYZ (CSB NO. 234895)
rtyz@fenwick.com
5 FENWICK & WEST LLP
Silicon Valley Center
6 801 California Street
Mountain View, CA 94041
7 Telephone: (650) 988-8500
Facsimile: (650) 938-5200

8 Attorneys for Defendants
9 Amazon.com, Inc. and Borders Group, Inc.

10 UNITED STATES DISTRICT COURT
11 NORTHERN DISTRICT OF CALIFORNIA
12 SAN FRANCISCO DIVISION

13
14 SBJ IP HOLDINGS 1, LLC,
15 Plaintiff,
16 v.
17 AMAZON.COM, INC., and BORDERS
GROUP, INC.,
18
19 Defendants.

Case No. 3:08-mc-80109 SI

**REPLY BRIEF IN SUPPORT OF
DEFENDANTS' MOTION TO COMPEL
NON-PARTY VIGNETTE
CORPORATION'S COMPLIANCE WITH
REQUEST NO. 6 OF SUBPOENA *DUCES
TECUM***

(U.S.D.C. Eastern District of Texas)

Date: August 15, 2008
Time: 9:00 a.m.
Dept.: Courtroom 10, 19th floor
Judge: The Honorable Susan Illston

1 There is much less to this dispute than Vignette would have the Court believe:

- 2 • Defendants seek a category of documents relating to how the StoryServer product
- 3 was incorporated and/or implemented in user's websites;
- 4 • A subpoena that duly issued from this Court commands production of that
- 5 discovery;
- 6 • Vignette does not dispute it is relevant;
- 7 • Vignette has refused to produce the documents.

8 Nothing else matters. In particular, whether or not the disputed discovery was called for
9 in an earlier subpoena does not matter. The discovery has not been produced, it clearly is the
10 subject of the subpoena issued from this Court, and Vignette offers no sound grounds for
11 objecting to production.

12 Defendants were forced to bring a motion to compel because non-party Vignette refuses to
13 provide highly relevant information responsive to a subpoena properly issued from this District
14 where Vignette has offices. Through its motion, Defendants seek specific information responsive
15 to a single request in its subpoena, namely documents and things relating to the incorporation of
16 Vignette's StoryServer product in user websites. *See* Declaration of Ryan Tyz in Support of
17 Defendant's Motion to Compel Non-Party Vignette Corporation's Compliance With Subpoena
18 *Duces Tecum* ("Tyz Decl."), Docket No. 8, Ex. 3, Request No. 6. Vignette is the original owner
19 of the patent asserted in this case, and it is in the best position to provide this information.
20 Vignette does not dispute the relevance of this information, nor can it. Instead, in its opposition,
21 Vignette makes four arguments for its refusal to produce this relevant information. None of them
22 have merit.

23 First, Vignette claims such information is duplicative of information already requested in
24 another subpoena and subject to an order relating to that subpoena. Vignette's argument relies on
25 a mischaracterization of the parties' treatment of the prior subpoena. As explained in Defendants'
26 opposition to Vignette's motion to quash, correspondence among the parties makes clear,
27 Vignette disputed that this information was called for by the earlier subpoena and did not produce
28 it. To obviate any issue, Defendants issued another subpoena that unambiguously sought the

information. Vignette's opposition now admits that Defendants seek "*customer*" implementations of the patented product, which cannot reasonably be construed as seeking documents about the incorporation of the patented feature into Vignette product. Vignette also attempts to make more out of the "order" relating to the first subpoena than it really was. That order simply directed the parties to meet and confer before bringing the matter to the court. No motion to compel had been brought, and the discovery sought in this court had never been discussed between the parties. Because the parties thought they resolved the issues under the previous subpoena, neither of them responded to the Court's order directing *both* parties to show cause why the matter should remain open. Thus, neither the subpoena nor order addresses the dispute here. Second, Vignette asserts that it should not have to produce the relevant information because it is bound by "confidentiality" restrictions imposed by its customers. Not only has Vignette failed to support its blanket objection (beyond a declaration stating that Vignette must provide notice of disclosure to its customers), Vignette offers no explanation for why it has not provided them notice or why the present protective order does not sufficiently address any confidentiality concerns. Notably, Vignette did not argue confidentiality prevented the production of documents relating to the incorporation of the patented feature into Vignette products, which was requested in Defendants' first subpoena, but rather that none of those type of documents existed.

Third, Vignette argues that the discovery sought by Defendants' motion is unnecessary given its purported agreement to produce the StoryServer source code.¹ Vignette is mistaken, and its argument highlights further the difference between Defendants' requests. Although source code would show the implementation of the patented subject matter *in StoryServer*, which was the subject of Defendants' prior request, the source code would not show what customers were doing

¹ This argument is ironic as Vignette has not produced its source code despite having previously agreed to do so. Contemporaneous with its objections here, it questioned the adequacy of the *interim* protective order that *its counsel negotiated* in the SBJ litigation. In any event, its objections to the interim protective order should now be moot. The Court has recently ordered entry of the protective order after having resolved a dispute between the parties. *See* Case No. 2:07-cv-00120 (E.D. Tex.), Docket No. 105. The order provides that "[a] nonparty producing information or material . . . may designate such material or information in the same manner *and shall receive the same level of protection . . . as any party to this lawsuit.*" (emphasis added). *Id.*, at Docket No. 108 (Proposed Protective Order). Defendant's counsel also have made clear that they would provide Vignette the same level protection. Vignette's objections based on confidentiality are now moot.

1 with StoryServer to operate their websites, what services Vignette was providing them to create
 2 desired functionality (with the patented feature *or otherwise*), and the myriad of ways (including,
 3 as Defendants expect using prior art techniques) Vignette customers were provided
 4 personalization functionality, which is what Defendants seek here.

5 Fourth, Vignette argues that as a “third party” it is unduly burdensome to have to produce
 6 more than a couple hundred documents in this case. By its own admission, however, Vignette is
 7 not a typical third party. Indeed, “Vignette retained a percentage interest in any future
 8 ‘monetization’ event, such as . . . a judgment.” *See* Third Party Vignette Corporation’s Response
 9 to Defendants’ Motion to Compel (“Vignette’s Response”), Docket No. 18, at p. 5. Given its
 10 financial interest in the outcome of this case, Vignette should not be able to shun its discovery
 11 obligations by claiming “third party” status.

12 Because the information sought by the motion to compel is extremely important to
 13 Defendants case, and given that Vignette’s excuses for not producing this information have no
 14 merit, Defendants respectfully request that the Court order Vignette to produce the information
 15 immediately.

16 **I. DEFENDANTS’ REQUEST IS NOT DUPLICATIVE OF ANY REQUEST IN ITS**
 17 **PREVIOUS SUBPOENA, AS VIGNETTE’S OPPOSITION CONFIRMS**

18 Vignette’s main argument for not producing relevant information is that Defendants
 19 already sought this information in a previous subpoena from another district and that the issuing
 20 court ordered that Vignette did not have to produce it (even though it is indisputably relevant).
 21 This contention relies on an interpretation of Defendants’ previous subpoena and a
 22 characterization of an order relating to that subpoena that Vignette knows is not accurate.
 23 Moreover, whether or not the discovery now sought was called for in the earlier subpoena is
 24 irrelevant. There is a valid subpoena, issued from this Court, for relevant discovery, which is not
 25 the subject of any substantive order preventing its production.

26 Although Defendants have fully addressed this argument in their opposition to Vignette’s
 27 motion to quash the subpoena, a couple points bear emphasis here.

28 Vignette’s opposition to Defendants’ motion to compel concedes that the requests are not

1 duplicative. Indeed, in it, Vignette argues that “Defendants seek to compel the production of any
 2 information that Vignette possess *regarding ‘Vignette customers’ website system[s]’ into which*
 3 *StoryServer was implemented.*” Vignette’s Response, at p. 7. While this is true, this is not the
 4 same information that Defendants sought in their previous subpoena relating to the
 5 *implementation of the patented subject matter in StoryServer.* Tyz Decl., Ex. 6. Vignette
 6 provides no logical argument demonstrating that these requests are identical beyond extrapolating
 7 a few words out of the previous request to argue there is “some” overlap. Beyond a few words,
 8 the point and substance of the requests are directed at different categories of information. More
 9 importantly, there are documents Vignette has and is refusing to produce about incorporation of
 10 StoryServer into user’s websites. As the correspondence between counsel demonstrates, Vignette
 11 knows the two requests seek different information, and that its argument that they seek the same
 12 information exalts form over substance to obstruct relevant discovery. Tyz Decl. ¶¶ 6-9, Ex. 7.

13 Moreover, Vignette’s argument that an order on the previous subpoena protects it from
 14 producing relevant discovery is specious. That order merely directed the parties to meet and
 15 confer on the scope of the requests, nothing more. It was entered three days after Vignette moved
 16 for a protective order, and before Defendants even responded. There was no hearing, and nothing
 17 in the order addresses the substance of Defendants’ requests. That order did not provide Vignette
 18 “protection” from producing *relevant* documents, and Vignette’s attempt to argue that it did is
 19 wholly unavailing.

20 **II. VIGNETTE’S CONFIDENTIALITY OBJECTION IS UNSUPPORTED, AND** 21 **ADDRESSED BY THE PROTECTIVE ORDER IN THIS CASE**

22 Vignette’s next argument that the information requested is subject to confidentiality restrictions
 23 imposed by its customers is unsupported and not a genuine bar to discovery. Vignette offers
 24 nothing in support of its bare assertion that confidentiality restrictions (such as the actual
 25 agreements) prevent it from producing the requested materials. *See Trevino v. ACB Am., Inc.*,
 26 232 F.R.D. 612, 617 (N.D. Cal. 2006) (overruling unsupported claim for confidentiality under
 27 Rule 26(c)).

28 In addition, Vignette fails to explain why the protective order—which was drafted by its

1 patent prosecution counsel and pursuant to which Vignette has already produced documents—is
 2 insufficient to protect the confidentiality of the information. Vignette’s unsupported
 3 confidentiality objection does not provide it with a basis for withholding highly relevant
 4 materials. To the extent any agreement² does impose upon Vignette a duty to notify its
 5 customers, Vignette has had months to do so. In any event, non-disclosure agreements typically
 6 provide that a receiving party may disclose confidential information when ordered by a Court.³
 7 Thus, an order granting Defendants’ motion to compel will largely relieve Vignette of its
 8 confidentiality obligations for purposes of complying with Defendants’ subpoena, making
 9 Vignette’s objection moot.

10 **III. VIGNETTE’S STORYSERVER SOURCE CODE IS NOT THE SAME AS THE** 11 **SYSTEMS INTO WHICH IT IS IMPLEMENTED**

12 Vignette’s argument that the production of source code for its StoryServer product should
 13 resolve the issue presented by the motion to compel only underscores its misunderstanding of
 14 Defendants’ subsequent request as duplicative of the previous one. There is a stark difference
 15 between, on the one hand, source code which shows the operation of Vignette’s StoryServer
 16 product, and a customer website that provides personalization functionality, on the other. While
 17 StoryServer source code will show the operation of the patented subject matter, it alone will not
 18 show how customers implemented it to provide or augment the personalization functionality of
 19 their websites.

20 As explained in Defendants’ motion to compel and opposition to Vignette’s motion to
 21 quash, Vignette expects its customers to need additional design and development services to
 22 incorporate StoryServer and other technology into a working solution providing functionality the
 23 user desires. Tyz Decl., Ex. 8. Defendants believe information about this integration which is in
 24 Vignette’s possession, custody and control is likely to show the existence of prior art products
 25 that the industry knew could be combined with certain functionality in StoryServer to provide the
 26 functionality of the patented technology, that the StoryServer functionality was and could be

27 ² Significantly, Defendants are not aware of Vignette having produced any agreement that would
 prevent the discovery sought.

28 ³ Vignette has not come forward with any contrary agreement or contended its purported
 agreements otherwise provide.

1 provided in numerous non-infringing ways, that the StoryServer functionality was
2 indistinguishable from what is now accused, and was available to Vignette customers using prior
3 art products of which Vignette's inventors were aware, and which were not disclosed to the
4 Patent and Trademark Office, that any commercial success attributable to the patented technology
5 is minimal at best, and, at the very least, the state of and level of skill in the art during the relevant
6 period. Such aspects of the technology are not fully addressed by Vignette's source code.

7 **IV. VIGNETTE IS NOT A TYPICAL THIRD PARTY, AND ITS CLAIM OF UNDUE**
8 **BURDEN SHOULD BE REJECTED**

9 Finally, to avoid producing relevant information, Vignette seeks to cast itself as a mere
10 third party even though it admits it has a financial interest in the outcome of this case. As
11 explained previously, Vignette is not a disinterested third party, but rather an entity that has
12 "retained a percentage interest in any future 'monetization' event, such as ... a judgment" on the
13 patent-in-suit. Vignette's Response, at p. 5. In fact, Vignette has a stake in a successful outcome
14 by plaintiff in this case. Vignette characterization of the transaction assigning the patent to SBJ
15 as "arms length" is irrelevant, as Vignette has every incentive to stonewall producing relevant
16 information that may prevent it from realizing such a financial benefit. Magistrate Judge
17 Everingham, who is presiding over the underlying litigation, already rejected the attempt of SBJ
18 and Vignette to distance themselves from each other. In connection with a protective order
19 dispute, Judge Everingham stated: "when I consider Vignette, I'm going to consider them as
20 though they were a Plaintiff in the case, given what their relationship is with the current
21 Plaintiff." Tyz Decl., ¶ 4. As third party beneficiary to any successful litigation on the patent in
22 suit, Vignette has an obligation to provide the relevant discovery. These discovery obligations
23 were well known to Vignette when it assigned the patent to SBJ, and Vignette should not be
24 permitted to escape its discovery obligations by claiming undue burden as a disinterested third
25 party. *See Micron Tech., Inc. v. Tessera, Inc.*, C06-80096, 2006 U.S. Dist. LEXIS 42072, *8
26 (N.D. Cal. June 14, 2006) (holding a third party's "general arguments about the burden of
27 responding to [a] subpoena" insufficient to deny discovery about its marketing of product at issue
28 in infringement litigation); Fed R. Civ. Proc. 45(d) Advisory Committee Notes, 1991 Amendment

1 (“Paragraph (d)(1) extends to non-parties the duty imposed on parties”).

2 Furthermore, Vignette is in the best position to provide this information. Rather than
3 producing it, Vignette argues that Defendants should subpoena hundreds of Vignette customers to
4 get the same information that resides all within one company, Vignette. The burden on
5 Defendants and the numerous third parties would be far greater proceeding as Vignette proposes,
6 than simply ordering Vignette to provide the relevant information in its possession, custody and
7 control.

8 **V. CONCLUSION**

9 For the foregoing reasons, as well as those stated in Defendants’ motion to compel and
10 opposition to motion to quash, Defendants respectfully request that the Court compel Vignette to
11 produce to the discovery sought by Request No. 6 of Defendants’ subpoena by a date certain.

12 Dated: August 1, 2008

FENWICK & WEST LLP

13 By: /s/ Ryan Tyz

14 Ryan Tyz

15 LYNN H. PASAHOW (CSB NO. 054283)
16 lpasahow@fenwick.com
17 J. DAVID HADDEN (CSB NO. 176148)
18 dhadden@fenwick.com
19 DARREN E. DONNELLY (CSB NO.
20 194335)
21 ddonnelly@fenwick.com
22 RYAN TYZ (CSB NO. 234895)
23 rtyz@fenwick.com

24 FENWICK & WEST LLP
25 Silicon Valley Center
26 801 California Street
27 Mountain View, CA 94041
28 Telephone: (650) 988-8500
Facsimile: (650) 938-5200

Attorneys for Defendants
Amazon.com, Inc. and Borders Group, Inc.